

## Message Text

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11

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01

RSC-01 USIA-06 PRS-01 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 COME-00

FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 L-02 H-01 PM-03

SAM-01 SAJ-01 /086 W

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R 230526Z JAN 75

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 0069

CONFIDENTIAL BANGKOK 1244

E.O. 11652: GDS

TAGS: MARR, TH

SUBJECT: TAX RELIEF FOR DOD CONTRACTORS

REF: (A) STATE 012468

(B) BANGKOK 12587

1. SUMMARY: AT A MEETING JANUARY 22 WITH THE FOREIGN  
MINISTER, CHARUNPHAN ITSARANGKUN NA AYUTTHAYA, AMBASSADOR DE-  
LIVERED THE LETTER AND DRAFT AGREEMENT PROPOSED IN REF A FOR  
TRANSMITTAL TO THE PRIME MINISTER. THE LETTER WAS MODIFIED  
SLIGHTLY FOR LOCAL PURPOSES. A COPY WILL BE POUCHEO TO  
EA/TB. END SUMMARY

2. DURING A MEETING ON JANUARY 22, AMBASSADOR KINTNER  
PRESENTED TO FOREIGN MINISTER CHARUNPHAN A LETTER TO THE  
PRIME MINISTER SEEKING HIS ASSISTANCE IN RESOLVING THE  
LONG-STANDING PROBLEM CONCERNING THAI TAXATION OF DOD  
CONTRACT FIRMS. IN PRESENTING THIS LETTER, THE AMBASSADOR  
REFERRED TO OUR EFFORTS OVER SEVERAL YEARS TO RESOLVE  
THE TAX PROBLEM. HE STRESSED THAT THE US GOVERNMENT  
DID NOT WANT MONEY APPROPRIATED BY THE CONGRESS FOR  
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MUTUAL DEFENSE PURPOSES TO BE TAXED BY FOREIGN

GOVERNMENTS. HE NOTED THAT OTHER NATIONS DO NOT TAX DOD CONTRACT FIRMS UNDER THESE CIRCUMSTANCES AND THAT WE COULD NOT AGREE TO TURN OVER THREE LARGE ADDITIONAL CONTRACTS TO THAI FIRMS UNLESS AGREEMENT WAS REACHED ON THE TAXATION PROBLEM.

3. AMBASSADOR KINTNER SAID HE WAS DELIVERING THIS LETTER TO THE PRIME MINISTER ON INSTRUCTIONS FROM HIS GOVERNMENT AND THAT HE MOST SINCERELY HOPED THE RTG WOULD TAKE THIS PROBLEM SERIOUSLY AND GIVE US RELIEF FROM TAXATION. HE NOTED ALSO THAT WE NEEDED TO MOVE QUICKLY ON THIS SINCE THE CONTRACTS FOR THE THREE LARGE FIRMS EXPIRE IN JULY AND AUGUST AND WE WILL NEED, WITHIN THE NEXT FEW WEEKS, TO START NEGOTIATIONS FOR RENEWAL OF THESE CONTRACTS OR FOR MAKING ALTERNATIVE ARRANGEMENTS.

4. BOTH THE LETTER AND THE AMBASSADOR'S COMMENTS WERE RECEIVED BY THE FOREIGN MINISTER WITHOUT COMMITMENT. WE ANTICIPATE, HOWEVER, THAT THE LETTER WILL PROMPT FURTHER CONSULTATIONS SOON AFTER THE ELECTIONS. IN ORDER TO BE FULLY PREPARED FOR SUCH DISCUSSIONS IT IS NECESSARY THAT WE BE PROVIDED WITH DETAILED INFORMATION REGARDING OUR TAX RELIEF ARRANGEMENTS WITH OTHER COUNTRIES AS SOON AS POSSIBLE. WHILE THIS REQUEST HAS BEEN PREVIOUSLY MADE (REF B) IT HAS NOT BEEN COMPLETELY ANSWERED. WE ARE PARTICULARLY INTERESTED IN COMPARATIVE DATA ON NON-NATO COUNTRIES IN WHICH WE ENJOY BASE PRIVILEGES WITHOUT COST AND NON-NATO BASE RENTAL COUNTRIES, SINCE I ANTICIPATE THAT THE THAI WILL RAISE THIS ARGUMENT IN RESPONSE TO OUR REQUEST.

5. WE BELIEVE THAT MR. FIELDS' VISIT IS PARTICULARLY TIMELY AND LOOK FORWARD TO DISCUSSING THIS MATTER MORE FULLY WITH HIM. WE HOPE HE WILL BE READY TO DISCUSS THE OPTIONS OPEN TO US IF THE RTG IS UNABLE OR UNWILLING TO MEET OUR WISHES, AND SPECIFICALLY, HOW HE CONCEIVES THE USE OF UNIFORMED PERSONNEL TO REPLACE THE SERVICE (AND POSSIBLY TECH REP) CONTRACTORS IF THAI SERVICE CONTRACTORS ARE NOT EMPLOYED.

KINTNER

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## Message Attributes

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**Disposition Approved on Date:**  
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**Disposition Date:** 28 MAY 2004  
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**To:** STATE  
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